



United States Department of Agriculture
Risk Management Agency

January 2006

2006 COMMODITY INSURANCE FACT SHEET

GRP Rangeland Pilot

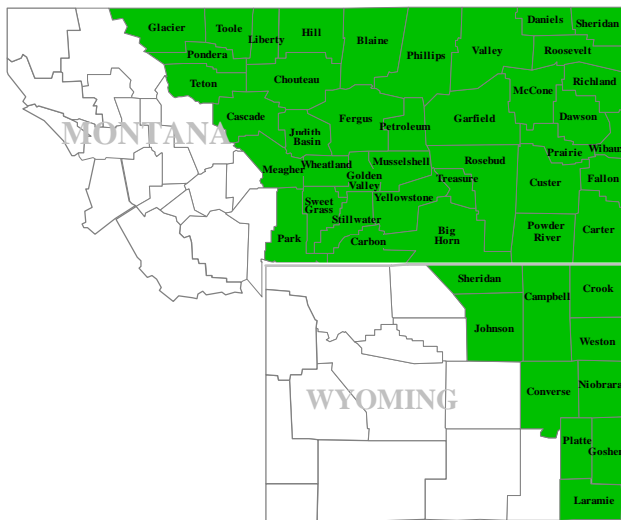
Montana, Wyoming

Crop Insured

The **pilot** rangeland group risk plan (GRP) policy serves as an alternative to multiple-peril crop insurance. GRP is designed as a risk management tool to insure against widespread loss of production of the insured crop in the county.

Only rangeland or pasture intended for harvest by grazing during the crop year, that is physically located in the county listed on the accepted application, is insurable.

Counties Available



Insurance Period

Insurance attaches when the rangeland acreage is reported. Payment yields will be determined prior to May 1, 2007.

Reporting Requirements

Acreage Report—You must report all acreage of your rangeland to your agent by the acreage reporting date.

If the acreage is covered by a lease that specifies the number of acres to be grazed or the acres can be objectively determined (for example, by Farm Service Agency or land measurement firm), that number of acres must be reported.

If the number of acres cannot be determined, as shown above, but the lease states the number of animal use measurements (AUM) that may be grazed, the insurable acres will be determined by dividing that number of AUM by the rangeland productivity factor shown on the actuarial documents.

Important Dates

Sales Closing	September 30, 2005
Acreage Reporting	November 15, 2005
Indemnity Payments Issued By	May 31, 2007

Definitions

County Base Production (expected county yield)—The sum of the historical net hay production for the years in the base period (beginning in 1964) divided by the number of years in the base period, expressed in tons.

County Base Revenue Per Acre— Estimate (shown on the actuarial documents) of the productivity of acreage harvested for hay (measured in AUM) multiplied by the grazing value (the NASS estimated private grazing fee rate for rangeland in the state for one AUM).

Dollar Amount of Protection Per Acre— The coverage level you select multiplied by the county base revenue per acre multiplied by the price election percentage you select.

Historical Net Hay Production—The estimated yield of non-irrigated hay in each year of the base period multiplied by harvested acres of non-irrigated hay (to which adjustments may have been made to account for the effect of trend). The net hay production is total non-irrigated hay production minus CRP hay and grain hay.

Price Election Percentage— The percentage factor you select between 60 and 100 percent.

Trigger Yield— The coverage level percentage you select multiplied by the county base production.

Coverage Levels and Premium Subsidies

Coverage levels range from 70 to 90 percent of the **county base production** and **county base revenue** per acre. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 85 percent coverage level, your premium share would be 41 percent of the base premium:

Item	Percent				
Coverage Level	70	75	80	85	90
Premium Subsidy	64	64	59	59	55
Your Premium Share	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 65 percent of the county base production and 45 percent of the price election percentage. The cost for CAT coverage is an administrative fee of \$100, regardless of the acreage.

Regional Contact for RMA

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Example

Using 85-percent coverage level and 100-percent price election percentage:

County Base Production: 55,909 tons
County Base Revenue Per Acre: \$7.47
(Partial Actuarial Table)

Coverage Level	CAT	80	85	90
Trigger Yield	36,341	44,727	47,523	50,318
Maximum Protection per Acre	\$2.19	\$5.98	\$6.35	\$6.72
Unsubsidized Rate	\$6.50	\$9.60	\$10.90	\$12.40

Trigger Yield: 47,523 tons (55,909 X 85 percent)

Protection Amount: \$6.35 per acre (\$7.47 X 85 percent X 100 percent)

Premium Rates: Rates are stated in dollars per \$100 of protection.

\$10.90 rate/\$100 X \$6.35 protection per acre
 X .01 = \$0.69 premium per acre.

The government-paid subsidy (59 percent) is subtracted from this amount. \$0.69 - \$0.41 = \$0.28 per acre producer-paid premium.

Payment of Claim: Assume the payment yield (net hay production) for 2006 is determined to be 36,785 tons for the county. The payment calculation factor is:

$$\frac{(47,523 \text{ trigger yield} - 36,785 \text{ payment yield})}{47,523 \text{ trigger yield}} = .226$$

Payment calculation factor .226 X protection amount
 \$6.35 per acre = \$1.44 per acre indemnity payment

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